which have to therefore come up in premium rates. I do believe that this bill....although nothing anybody wants I think that it is only fair that this gap be closed that permits this sort of behavior with cash reserves on insurance policies.

PRESIDENT: Seantor Stoney.

SENATOR STONEY: Mr. President, members of the legislature, I failed to mention in my opening remarks that there are only approximately 20 states at the present time in these United States that have a maximum of 6% on policy loans. To make reference to statements that were made by Senator Cavanaugh pertaining to the "rip off", of course this is a term that is very generally used and I think misused but I would like to respond to the particular item that pertains to the word specify being removed in the statute that we presently have. If a specified amount is identified in a contract, then there is no way that that amount can be changed. If a mans contract says 7% and if in 30 years it might be possible for a company to lend at 5% they would be unable to do so because the statute indicates that they must lend at 7%. A maximum is also established at 8% with this bill. This does not mean, as I attempted to explain earlier, that every insurance company now will request 8% on all policy loans. There are life insurance companies domiciled in the state of Nebraska and the statutes allow them up to 6% who are presently charging under that amount. I know of one for sure that is charging only 5%. With reference to comments that were made in this particular letter relating to a more equitable and current rate of interest to policy owners this in many states is regulated by the insurance department. I will giveyou one example. An insurance company in the state of Nebraska applied in the state of Texas to sell a new annuity life insurance contract. They wish to guarantee to those people purchasing this policy a specified return of 4%. This four percent was to continue for the first five years, and thereafter that amount would be reduced to 3 1/2%. The company was informed by the state of Texas insurance department that this form is contrary to the public policy of this state within the meaning of the article 3.422 paragraph F subsection 2, in that the guaranteed interest rate given in the text are greater than those customarily approved by the state. In other words here is an insurance company that wanted to allow more than what a state would allow them to provide to policy owners. There is a good reason for this. Insurance contracts are not contracts that cover a very short period of time. They can cover 50-60 and sometimes even 70 years. It is difficult to guarantee a rate. I think that the insurance departments have been wise in limiting the amounts of interest to protect solvency of various insurance companies. I would not wish to see this bill killed. I think that the present statute favors those that are sophisticated that have large insurance policies to the deteriment of the smaller policy owners. I think that if you vote to kill this bill then I think that you are discriminating against those smaller policy owners in favor of those that are much more sophisticated. I will not oppose if it be the action of the body to return the word specified to this particular bill, although I would